

Town of Gramercy

2009 Financial Statements

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/20/10

TOWN OF GRAMERCY, LOUISIANA

FINANCIAL REPORT

JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Reports</u>	
Independent Auditors' Report	1 - 2
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3 - 4
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB A-133	5 - 6
Schedule of Expenditures of Federal Awards – For the year ended June 30, 2009	7
Schedule of Findings and Questioned Costs	8 – 10
Summary Schedule of Prior Audit Finding	11 – 12
<u>Required Supplemental Information</u>	
Management Discussion and Analysis	13 – 19
<u>Basic Financial Statements:</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):	
Statement of Net Assets	20
Statement of Activities	21
FUND FINANCIAL STATEMENTS (FFS):	
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changed in Fund Balances – Governmental Fund Types	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Assets – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28 – 29
<u>Notes to Financial Statements</u>	30 – 44

TABLE OF CONTENTS

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	45
Budgetary Comparison Schedule – Schedule of Other Revenue – General Fund	46
Budgetary Comparison Schedule – Schedule of Expenditures – General Fund	47 - 48

Other Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	49 – 50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	51 – 52

Performance and Statistical Data

Insurance-in-force	53
Public Utility System Operations	54 – 55
Schedule of Principal Officials and Salaries	56

<u>Corrective Action Plan</u>	57
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gramercy (the Town), as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 13 through 19 and 45 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the Town of Gramercy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other supplementary information on pages 49 through 52 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the performance and statistical data on pages 53 through 56 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Raymond L. Netherly

Donaldsonville, Louisiana
November 30, 2009



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Town of Gramercy, Louisiana's basic financial statements and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Gramercy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gramercy, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Gramercy, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Gramercy, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Gramercy, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Gramercy, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. [09-01, 09-02]

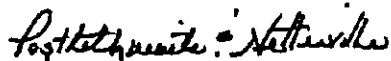
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Gramercy, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We considered the significant deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [09-02]

Compliance and other matters

As part of obtaining reasonable assurance about whether the Town of Gramercy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Aldermen, management of the Town of Gramercy, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Donaldsonville, Louisiana
November 30, 2009



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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

Compliance

We have audited the compliance of the Town of Gramercy with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Town of Gramercy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Gramercy's management. Our responsibility is to express an opinion on the Town of Gramercy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Gramercy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Gramercy's compliance with those requirements.

In our opinion the Town of Gramercy complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of The Town of Gramercy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Gramercy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Gramercy's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of noncompliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Town of Gramercy's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Gramercy's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Town of Gramercy as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Gramercy's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

For the Auditor: [Signature]

Donaldsonville, LA
November 30, 2009

TOWN OF GRAMERCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Water Treatment Plant Improvements	66.606	XP-9695601-0	\$ 51,802
DELTA REGIONAL AUTHORITY			
Delta Local Development District Assistance	90.202	LA-2909	5,135
DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants - Public Assistance (Presidentially declared)	97.036	1603-Hurricane Katrina	358,294
	97.036	1786-Hurricane Gustav	189,012
			<u>547,306</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
LCDBG Grant	14.228		214,930
Total			<u>\$ 819,173</u>

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

A. SUMMARY OF AUDITORS' RESULTS

- (1) The auditors' report expressed an unqualified opinion on the financial statements of the Town of Gramercy, Louisiana as of and for the year ended June 30, 2009.
- (2) There were two significant deficiencies relating to the audit of the financial statements reported at section B in this schedule. One condition [09-02] is considered a material weakness.
- (3) No instances of noncompliance relating to the financial statements of the Town of Gramercy, Louisiana were disclosed during the audit.
- (4) There were no significant deficiencies disclosed during the audit of internal controls over major federal awards.
- (5) The auditor's report on compliance for the major federal award programs for the Town of Gramercy expresses an unqualified opinion on all major federal programs.
- (6) The program tested as major program included: Disaster Grants – Public Assistance (Presidentially Declared Disasters).
- (7) The threshold used for distinguishing between Type A and B programs was \$300,000.
- (8) The Town of Gramercy is considered a high-risk auditee.

B. FINDINGS- FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

09-01 Documentation and Design of Internal Control

Condition – Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Criteria- Internal control procedures should be adequately designed and documented.

Effect – Significant journal entries were proposed to allow the financial statements to accurately reflect the Town's operations.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SIGNIFICANT DEFICIENCIES (cont'd)

09-01 Documentation and Design of Internal Control (cont'd)

Recommendation – Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Management's response – We concur with the finding. We will document the required components of internal control and establish procedures for the preparation of audited financial statements.

MATERIAL WEAKNESS

09-02 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Personnel authorized to sign checks also reconciles the bank statement on a monthly basis.

In addition, certain procedures that could help to mitigate this weakness are currently not being performed. Those procedures could include but are not limited to the following:

- ◆ A review of non-routine transactions over the period-end financial reporting process.

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Effect: The segregation of duties is inadequate to provide effective internal control.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ During preparation of monthly financial statements, management should review all journal entries necessary for the complete and accurate presentation of these statements.

Management's Response: We concur with the finding and will review period end journal entries.

TOWN OF GRAMERCY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

COMPLIANCE WITH LAWS AND REGULATIONS

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HOMELAND SECURITY

Disaster Grants – Public Assistance (Presidentially Declared Disasters)

NONE

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2009

SIGNIFICANT DEFICIENCIES

08-01 Documentation and Design of Internal Control

Condition: Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Current Status: A similar finding was noted in the current year audit.

MATERIAL WEAKNESS

08-02 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Personnel authorized to sign checks also reconciles the bank statement on a monthly basis.

In addition, certain procedures that could help to mitigate this weakness are currently not being performed. Those procedures could include but are not limited to the following:

- ◆ A review of non-routine transactions over the period-end financial reporting process.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ During preparation of monthly financial statements, management should review all journal entries necessary for the complete and accurate presentation of these statements.

Current Status: A similar finding was noted in the current year audit.

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
YEAR ENDED JUNE 30, 2009

COMPLIANCE WITH STATE LAWS AND REGULATIONS

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

08-3 Town of Gramercy Water Improvements

Condition – Form 269, Annual Financial Status Report, and Form 272, Federal Cash Transactions Report, were not submitted to the EPA.

Recommendation – The preparation of these reports should be monitored by the management of Town of Gramercy to ensure that the grant administrator submits the required reports on a timely basis.

Current Status – No similar findings in the current year.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

This section of Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2009.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets increased by \$1,227,439 over the course of this year's operations. Net assets of our governmental activities increased approximately \$543,089 (or 15.29%) and increased \$684,350 (or 20.19%) in the net assets of our business-type activities.
- During the year, the Town's expenses were \$543,089 less than the \$2.2 million generated in charges for services, taxes, and other revenue. In the Town's business-type activities expenses were \$684,350 less than the \$1,469,008 generated in revenues.
- The general fund reported a \$2,389,386 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TOWN OF GRAMERCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2008

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

The Town has two kinds of funds:

- **Governmental funds**—Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
 - In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town's combined net assets increased between fiscal years 2008 and 2009 to approximately \$8.17 million. (See Table A-1.)

	Table A-1			
	Town's Net Assets			
	Governmental Activities		Business-Type Activities	
	2009	2008	2009	2008
Current and other assets	\$ 2,756,890	\$ 2,399,743	\$ 1,219,136	\$ 988,962
Capital assets	1,672,590	1,382,122	3,976,666	3,819,181
Total assets	4,429,480	3,781,865	5,195,802	4,808,143
Current liabilities	283,128	142,236	269,147	381,838
Long term Liabilities	52,064	88,430	852,000	1,036,000
Total liabilities	335,192	230,666	1,121,147	1,417,838
Net assets				
Invested in capital assets,				
Net of related debt	1,612,590	1,292,122	2,953,666	2,629,181
Reserved for debt service	-	-	354,931	288,369
Unrestricted (deficit)	2,481,698	2,259,077	766,058	472,755
Total net assets	\$ 4,094,288	\$ 3,551,199	\$4,074,655	\$3,390,305

Net assets of the Town's governmental activities increased 15.29 percent to approximately \$4 million. Net assets of the Town's business-type activities increased approximately 20.19% to \$4 million.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

Changes in net assets. The Town's total revenues increased by approximately \$344,000 to \$3.72 million (See Table A-2.) Approximately 32 percent of the Town's revenue comes from charges for services, and 22.67 percent comes from tax collections.

The total cost of all programs and services increased approximately \$68,000 or 6.1 percent. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities increased 20.34 percent, while total expenses increased approximately \$182,000 or 13.61%.

	Table A-2					
	Changes in Town's Net Assets					
	Governmental Activities			Business-Type Activities		
	2009		2008	2009		2008
Revenues						
Program revenues						
Charges for services	\$ 305,196		\$ 267,930	\$ 883,870		\$ 852,785
Operating grants	214,930		-	-		520,578
General revenues						
Taxes	731,300		735,053	111,114		113,112
Licenses and permits	183,730		164,127	-		-
Federal Grants	157,309			446,934		
Intergovernmental	455,095		415,665	-		-
Miscellaneous	199,430		284,355	27,090		18,805
Total revenues	2,246,990		1,867,130	1,469,008		1,505,280
Expenses						
General government	386,477		361,201	967,662		899,732
Public safety	476,384		399,702	-		-
Streets	436,583		378,527	-		-
Fire	4,552		4,456	-		-
Sanitation	212,446		189,160	-		-
Debt service expenditures:						
Principal retirement	-		-	-		-
Interest	4,455		5,693	-		-
Total expenses	1,520,897		1,338,739	967,662		899,732
Excess (deficiency) before transfers	726,093		528,391	501,346		605,548
Transfers	(183,004)		53,039	183,004		(53,039)
Increase (decrease) in net assets	\$ 543,089		\$ 581,430	\$ 684,350		\$ 552,509

Business-type Activities

Revenues decreased slightly by 2.4 percent to \$1,469,008 before transfers and expenses of the Town's business-type activities decreased 11.22 percent to \$967,662.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of approximately \$2.5 million, increase of 10.11 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget. These budget amendments were resulted from:

- Sales tax, garbage fees and other revenues were increased by \$20,000, 15,000 and \$149,900; respectively.
- LCDBG budget was amended to reflect actual grant revenues received.
- Increases in appropriations to public safety were made to prevent budget overruns for salaries. General government was adjusted to reflect a decrease in budgeted expenditures due to decreases in insurance and supplies and maintenance expenses.

CAPITAL ASSETS

At the end of 2009, the Town had invested approximately \$5.64 million in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3)

This amount represents a net increase (including additions and deductions) of approximately \$447,000, or 8.61 percent, over last year.

Table A-3					
Town's Capital Assets					
(net of depreciation)					
	Governmental Activities		Business Activities		
	2009	2008	2009	2008	
Land	\$ 87,520	\$ 87,520	\$ 76,825	\$ 76,825	
Plant & Equipment	-	-	3,899,841	3,742,356	
Buildings	55,818	65,996	-	-	
Other Improvements	1,341,850	1,074,742	-	-	
Equipment	187,402	153,864	-	-	
Total	\$ 1,672,590	\$ 1,382,122	\$ 3,976,666	\$ 3,819,181	

This year's major capital asset addition included:

- Purchase of backhoe for streets department costing \$35,000.
- LGAP and LCDBG road improvements totaling \$141,366 and \$214,930, respectively.
- Water plant capital expenditures includes a Raw Water Intake System, Ground Storage Tank and the Water plant back-up Generator totaling, \$326,126, \$487,015, and \$77,487, respectively.

TOWN OF GRAMERCY

MANAGEMENTS DISCUSSION AND ANALYSIS

June 30, 2008

CAPITAL ASSETS - continued

Major disposals included:

- Disposal of Backhoe totaling \$37,000 from the general fund streets department.
- Disposal of Police Cars totaling \$26,456.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from sales tax, garbage fees, and video poker by 26%, 10% and 18% respectively. The economy is not expected to generate any significant growth. Revenue increases are expected in the public utility revenue fund as a result of the effects of the increase in the rate schedule. All expenditures are expected to be consistent with the current years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Lydia Louque, Town Clerk, PO Drawer 340, Gramercy, LA 70052.

TOWN OF GRAMERCY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 1,484,828	\$ 55,574	\$ 1,540,402
Certificates of deposit	755,000	553,101	1,308,101
Other accounts receivable (net)	357,279	175,776	533,055
Due from other governmental agencies	94,302	-	94,302
Prepaid insurance	65,481	-	65,481
Other assets	-	10,958	10,958
Restricted assets	-	423,727	423,727
Capital assets:			
Land	87,520	76,825	164,345
Other capital assets, net of depreciation	1,585,070	3,899,841	5,484,911
Total capital assets	1,672,590	3,976,666	5,649,256
TOTAL ASSETS	4,429,480	5,195,802	9,625,282
<u>LIABILITIES</u>			
Accounts payable	\$ 9,914	\$ 6,987	\$ 16,901
Capital lease payable	7,828	-	7,828
Other current liabilities	215,983	72,355	288,338
Payroll taxes payable	9,240	-	9,240
Due to employees' retirement systems	10,163	-	10,163
General obligation bonds due within one year	30,000	61,000	91,000
Accrued interest payable	-	11,216	11,216
Accrued salaries payable	-	4,546	4,546
Payable from restricted assets:			
Revenue bonds payable due within one year	-	110,000	110,000
Accrued interest payable	-	3,043	3,043
Long-term liabilities:			
Compensated absences	22,064	-	22,064
General obligation bonds	30,000	492,000	522,000
Revenue bonds payable	-	360,000	360,000
TOTAL LIABILITIES	335,192	1,121,147	1,456,339
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,612,590	2,953,666	4,566,256
Reserved for revenue bond debt service	-	360,684	360,684
Unreserved fund balance	2,481,698	760,305	3,242,003
TOTAL NET ASSETS	\$ 4,094,288	\$ 4,074,655	\$ 8,168,943

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues Fees, Fines, and Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets		Total
				Governmental Activities	Business-Type Activities	
ACTIVITIES						
Governmental:						
General government	386,477	\$ -	\$ -	\$ (386,477)		\$ (386,477)
Streets	436,583	-	214,930	(221,653)		(221,653)
Public safety	476,384	73,047	-	(403,337)		(403,337)
Sanitation	212,446	232,149	-	19,703		19,703
Fire	4,552	-	-	(4,552)		(4,552)
Debt service expenditures:						
Interest	4,455	-	-	(4,455)		(4,455)
Total governmental activities	1,520,897	305,196	214,930	(1,000,771)		(1,000,771)
Business-type:						
Enterprise	967,662	883,870	-		(83,792)	(83,792)
Total business-type activities	967,662	883,870	-		(83,792)	(83,792)
Total Town of Gramercy	\$ 2,488,559	\$ 1,189,066	\$ 214,930	\$ (1,000,771)	\$ (83,792)	\$ (1,084,563)
General Revenues:						
Taxes				731,300	111,114	842,414
Licenses and permits				183,730	-	183,730
Federal Grants				157,309	446,934	604,243
Intergovernmental				455,095	-	455,095
Miscellaneous				199,430	22,695	222,125
Interest				-	4,395	4,395
Transfers				(183,004)	183,004	-
Total general revenues and transfers				1,543,860	768,142	2,312,002
Change in net assets				543,089	684,350	1,227,439
Net assets - July 1, 2008				3,551,199	3,390,305	6,941,504
Net assets - June 30, 2009				\$ 4,094,288	\$ 4,074,655	\$ 8,168,943

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 1,370,452	\$ 114,376	\$ 1,484,828
Certificates of deposit	755,000	-	755,000
Other accounts receivable (net)	357,279	-	357,279
Due from other governmental agencies	94,302	-	94,302
Prepaid insurance	65,481	-	65,481
TOTAL ASSETS	\$ 2,642,514	\$ 114,376	\$ 2,756,890
CURRENT LIABILITIES			
Accounts payable	\$ 9,914	\$ -	\$ 9,914
Capital lease payable	7,828	-	7,828
Other current liabilities	215,983	-	215,983
Payroll taxes payable	9,240	-	9,240
Due to employees' retirement systems	10,163	-	10,163
TOTAL CURRENT LIABILITIES	253,128	-	253,128
LONG TERM LIABILITIES			
Capital lease, less current portion	-	-	-
FUND BALANCES			
Reserved for debt service	-	67,690	67,690
Unreserved	2,389,386	46,686	2,436,072
TOTAL FUND BALANCES	2,389,386	114,376	2,503,762
Total liabilities and fund balances	\$ 2,642,514	\$ 114,376	\$ 2,756,890

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances - Governmental Funds		\$ 2,503,762
Cost of capital assets at June 30, 2009	2,718,475	
Less: accumulated depreciation as of June 30, 2009	<u>(1,045,885)</u>	1,672,590
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Compensated Absences		(22,064)
Bonds payable		<u>(60,000)</u>
Total net assets at June 30, 2009 - Governmental Activities		<u>\$ 4,094,288</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 92,728	\$ 45,560	\$ 138,288
Sales taxes	593,012	-	593,012
Garbage fees	232,149	-	232,149
Licenses and permits	183,730	-	183,730
Intergovernmental revenue:			
Federal grants	157,309	-	157,309
LCDBG	214,930	-	214,930
State funds:			
Beer	7,067	-	7,067
Video poker	413,028	-	413,028
Tobacco	-	-	-
State grants - other	35,000	-	35,000
Fines and forfeitures	73,047	-	73,047
Other revenue	199,045	386	199,431
Total revenues	<u>2,201,045</u>	<u>45,946</u>	<u>2,246,991</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	374,281	-	374,281
Streets	507,380	-	507,380
Public safety	486,093	-	486,093
Sanitation	212,446	-	212,446
Fire department	4,552	-	4,552
Capital expenditures - LCDBG	214,930	-	214,930
Debt service expenditures:			
Principal retirement	-	30,000	30,000
Interest	-	4,455	4,455
Total expenditures	<u>1,799,682</u>	<u>34,455</u>	<u>1,834,137</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	401,363	11,491	412,854
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	-	-	-
Transfers Out	(183,004)	-	(183,004)
	<u>(183,004)</u>	<u>-</u>	<u>(183,004)</u>
Net change in fund balance	218,359	11,491	229,850
<u>FUND BALANCE</u>			
Beginning of year	2,171,027	102,885	2,273,912
End of year	<u>\$ 2,389,386</u>	<u>\$ 114,376</u>	<u>\$ 2,503,762</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2009

Net change in fund balances - Governmental funds	\$ 229,850
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The change in net assets reported for governmental activities in the statement of activities is different because:

Add: Capital outlay which is considered expenditures	459,664
Less: Depreciation expense for year ended June 30, 2009	(166,389)
Less: Difference on loss of equipment	(2,807)
Add: Principal payment on bonds payable	30,000
Less: Excess of compensated absences earned over compensated absences used	<u>(7,229)</u>
Change in net assets of governmental activities	<u>\$ 543,089</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<u>ASSETS</u>			
Cash	\$ 51,219	\$ 4,355	\$ 55,574
Certificates of deposit	327,031	226,070	553,101
Accounts receivable (net)	106,219	69,557	175,776
Other assets	-	10,958	10,958
Restricted assets - Cash	-	423,727	423,727
Capital assets:			
Land	76,825	-	76,825
Other capital assets, net of depreciation	2,556,340	1,343,501	3,899,841
Total capital assets	2,633,165	1,343,501	3,976,666
TOTAL ASSETS	3,117,634	2,078,168	5,195,802
<u>LIABILITIES</u>			
Accounts payable	\$ 2,723	\$ 4,264	\$ 6,987
Customer service meter deposits	72,355	-	72,355
Payable from restricted assets:			
Revenue bonds payable due within one year	50,000	60,000	110,000
Accrued interest payable	-	3,043	3,043
General obligation bonds due within one year	-	61,000	61,000
Accrued interest payable	4,161	7,055	11,216
Accrued salaries payable	3,804	742	4,546
Long-term Liabilities:			
General obligation bonds	-	492,000	492,000
Revenue bonds payable	220,000	140,000	360,000
TOTAL LIABILITIES	353,043	768,104	1,121,147
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	2,363,165	590,501	2,953,666
Reserved for revenue bond debt service	-	360,684	360,684
Unreserved equity	401,426	358,879	760,305
TOTAL NET ASSETS	\$ 2,764,591	\$ 1,310,064	\$ 4,074,655

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
OPERATING REVENUES			
Sales	\$ 526,807	\$ 350,513	\$ 877,320
Tap fees	3,000	3,550	6,550
Ad valorem taxes	55,251	55,863	111,114
Miscellaneous revenues	8,232	14,463	22,695
Total operating revenues	<u>593,290</u>	<u>424,389</u>	<u>1,017,679</u>
OPERATING EXPENSES			
Salaries	247,154	71,995	319,149
Office expenses	5,758	2,432	8,190
Miscellaneous expenses	958	3,597	4,555
Insurance	35,035	7,678	42,713
Supplies and maintenance	39,340	14,385	53,725
Vehicle expenses	9,776	2,196	11,972
Uniforms	2,568	-	2,568
Professional fees	18,773	7,300	26,073
Retirement	28,162	9,237	37,399
Electricity	33,853	67,719	101,572
Payroll taxes	486	142	628
Laboratory expenses	11,300	7,540	18,840
Chemicals	47,442	3,631	51,073
Depreciation	112,385	123,168	235,553
Total operating expenses	<u>592,990</u>	<u>321,020</u>	<u>914,010</u>
OPERATING INCOME (LOSS)	<u>300</u>	<u>103,369</u>	<u>103,669</u>
NONOPERATING INCOME (EXPENSES)			
Grants	420,047	26,887	446,934
Interest revenues	2,328	2,067	4,395
Interest expense	(11,378)	(42,274)	(53,652)
Total nonoperating income (expenses)	<u>410,997</u>	<u>(13,320)</u>	<u>397,677</u>
Change in net assets before transfers	<u>411,297</u>	<u>90,049</u>	<u>501,346</u>
OTHER FINANCING USES			
Transfers In	89,507	93,497	183,004
Transfers Out	-	-	-
	<u>89,507</u>	<u>93,497</u>	<u>183,004</u>
Net change in net assets	500,804	183,546	684,350
Total net assets- beginning	<u>2,263,787</u>	<u>1,126,518</u>	<u>3,390,305</u>
Total net assets- ending	<u>\$ 2,764,591</u>	<u>\$ 1,310,064</u>	<u>\$ 4,074,655</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 646,666	\$ 390,700	\$ 1,037,366
Cash payments to suppliers for goods and services	(332,755)	(122,070)	(454,825)
Cash payments to employees for services	(272,544)	(82,589)	(355,133)
Net cash provided by operating activities	<u>41,367</u>	<u>186,041</u>	<u>227,408</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
<u>ACTIVITIES:</u>			
Subsidy from grants	420,047	26,887	446,934
Transfers from other funds	89,508	93,497	183,005
Net cash used by noncapital financing	<u>509,555</u>	<u>120,384</u>	<u>629,939</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>			
<u>FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(377,992)	(15,046)	(393,038)
Principal paid on long term debt	(48,000)	(119,000)	(167,000)
Payment of bond issuance costs	-	1,227	1,227
Interest paid on indebtedness	(11,378)	(42,274)	(53,652)
Net cash used by capital and related financing activities	<u>(437,370)</u>	<u>(175,093)</u>	<u>(612,463)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest earned on investments	2,328	2,067	4,395
Net cash provided by investing activities	<u>2,328</u>	<u>2,067</u>	<u>4,395</u>
Net increase (decrease) in cash and cash equivalents	115,880	133,399	249,279
Cash and cash equivalents - beginning of year	<u>262,370</u>	<u>520,753</u>	<u>783,123</u>
Cash and cash equivalents - end of year	<u>\$ 378,250</u>	<u>\$ 654,152</u>	<u>\$ 1,032,402</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<u>RECONCILIATION OF INCOME (LOSS) FROM</u>			
<u>OPERATIONS TO NET CASH PROVIDED BY</u>			
<u>OPERATING ACTIVITIES:</u>			
Income (loss) from operations	\$ 300	\$ 103,369	\$ 103,669
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	112,385	123,168	235,553
Net change in assets and liabilities:			
Accounts receivable	51,567	(33,689)	17,878
Accounts payable	(127,952)	(5,592)	(133,544)
Other liabilities	3,257	(1,215)	2,042
Customer service meter deposits	1,810	-	1,810
Total adjustments	<u>41,067</u>	<u>82,672</u>	<u>123,739</u>
Net cash provided by operating activities	<u>\$ 41,367</u>	<u>\$ 186,041</u>	<u>\$ 227,408</u>
Cash Consists of :			
Cash	\$ 51,219	\$ 4,355	\$ 55,574
Certificates of Deposit	327,031	226,070	553,101
Restricted assets - Cash	-	423,727	423,727
	<u>\$ 378,250</u>	<u>\$ 654,152</u>	<u>\$ 1,032,402</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Town of Gramercy, Louisiana was incorporated on November 27, 1947, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Gramercy conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Town's reporting entity applies all relevant Government Accounting Standards (GASB) pronouncements. The Town's proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Gramercy. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following nonmajor governmental funds:

- a. Debt Service Funds - These funds accounts for the resources accumulated and payments made for principal, interest and related costs on general long-term debt.

The Town reports the following two major enterprise funds:

Public Utility Fund and Sewer Fund- These fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the Board. Amended budgeted revenue and expenditures increased from original budgeted amounts for the general fund for the year ended June 30, 2009, by approximately \$169,900 and \$7,525, respectively.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	15
Other Improvements	20-40
Vehicles	5-15
Equipment	3-15

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40 years
Waterworks system	40 years
Office equipment	5-10 years
Automotive equipment	3-5 years

All fixed assets are stated at historical cost.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for uncollectible accounts account at the time information becomes available which indicates the uncollectibility of the particular receivable.

Accumulated Unpaid Vacation

Employees earn vacation leave on January 1st of each year at various rates depending upon the length of their employment. Employees must use their vacation leave in the year earned. The liability for compensated absences reported in the governmental-wide statements consists of unpaid, accumulated annual leave balances at June 30, 2009.

Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Reclassifications

Certain 2008 balances have been reclassified to conform with the 2009 financial statement presentation.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2009, are as follows:

Governmental activities:

	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets June 30, 2008	\$ 87,520	\$ 285,736	\$ 1,450,353	\$ 443,167	\$ 2,266,776
Additions	-	-	373,916	85,813	459,729
Deletions	-	-	-	(8,030)	(8,030)
Cost of Capital Assets June 30, 2009	<u>87,520</u>	<u>285,736</u>	<u>1,824,269</u>	<u>520,950</u>	<u>2,718,475</u>
Accumulated depreciation June 30, 2008	-	219,741	375,611	289,303	884,655
Additions	-	10,177	106,808	49,405	166,390
Deletions	-	-	-	(5,160)	(5,160)
Accumulated depreciation June 30, 2009	<u>-</u>	<u>229,918</u>	<u>482,419</u>	<u>333,548</u>	<u>1,045,885</u>
Capital assets, net of accumulated depreciation at June 30, 2009	<u>\$ 87,520</u>	<u>\$ 55,818</u>	<u>\$ 1,341,850</u>	<u>\$ 187,402</u>	<u>\$ 1,672,590</u>

For the year ended June 30, 2009, depreciation expense was \$ 166,390.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets (continued)

Business-Type activities:

	<u>Land</u>	<u>Plant & Equipment</u>	<u>Total</u>
Cost of Capital Assets			
June 30, 2008	\$ 76,825	\$ 7,697,256	\$ 7,774,081
Additions	-	913,615	913,615
Deletions	-	(520,578)	(520,578)
Cost of Capital Assets			
June 30, 2009	<u>76,825</u>	<u>8,090,293</u>	<u>8,167,118</u>
Accumulated Depreciation			
June 30, 2008	-	3,954,900	3,954,900
Additions	-	235,554	235,554
Deletions	-	-	-
Accumulated Depreciation			
June 30, 2009	<u>-</u>	<u>4,190,454</u>	<u>4,190,454</u>
Capital assets, net of accumulated depreciation at			
June 30, 2009	<u>\$ 76,825</u>	<u>\$ 3,899,841</u>	<u>\$ 3,976,666</u>

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2009:

Governmental Activities:

Compensated Absences

Balance at July 1, 2008	\$ 14,835
Increases	8,939
Decreases	<u>(1,710)</u>
Balance at June 30, 2009	\$ <u>22,064</u>

Bonds Payable

	Balance 06/30/08	Additions	Retirements	Balance 06/30/09
Governmental activities:				
1991 Sewer Improvement bonds - general obligation portion	\$ 90,000	\$ -	\$ 30,000	\$ 60,000
	<u>90,000</u>	<u>-</u>	<u>30,000</u>	<u>60,000</u>
Business-type activities:				
1991 Sewer Improvement bonds	255,000	-	55,000	200,000
2000 Certificate of Indebtedness	107,000	-	34,000	73,000
2001 Sewer Improvement bonds - general obligation bonds	510,000	-	30,000	480,000
2003 Certificate of Indebtedness - Capital One	303,000	-	33,000	270,000
2003 Certificate of Indebtedness - LPFA	15,000	-	15,000	-
	<u>\$ 1,190,000</u>	<u>\$ -</u>	<u>\$ 167,000</u>	<u>\$ 1,023,000</u>

Bonds payable at June 30, 2009, were comprised of the following individual issues:

Governmental activities

\$400,000 of Sewer Improvements Bonds; due in various semi-annual installments, including interest at 4.95%, through April 1, 2011.

Total long-term debt	\$ 90,000
Less portion due within one year	<u>(30,000)</u>
Non-current long-term debt	\$ <u>60,000</u>

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

Business-type activities

\$850,000 of Sewer Improvement bonds; due in various semi-annual installments, including interest at 4.95%, through April 2, 2012; secured by the sewer operating revenues in excess of those necessary to operate and maintain the system. \$ 200,000

\$270,000 Certificate of Indebtedness; due in various semi-annual installments, including interest at 5.25%, through September 1, 2010; secured by the annual revenues of the Town of Gramercy in excess of statutory, necessary, and usual charges. 73,000

\$650,000 General Obligation Bonds; due in various semi-annual installments, including interest at rates ranging from 0.10% to 5.20%, through March 1, 2021; payable from ad valorem taxes 480,000

\$425,000 Certificate of Indebtedness; due in various annual installments, including interest at 2.35%, through September 1, 2013; payable from ad valorem taxes 270,000

\$75,000 Certificate of Indebtedness; due in annual installments of \$15,000 through September 1, 2008; non-interest bearing; payable from ad valorem taxes -

Total long-term debt 1,023,000

Less portion due within one year (171,000)

Non-current long-term debt \$ 852,000

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Changes in Long-Term Debt (continued)

The annual requirements to amortize all outstanding revenue bonds as of June 30, 2009, including interest payments of \$230,904 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2010	255,481
2011	250,607
2012	199,854
2013	114,006
2014	111,890
Thereafter	<u>382,068</u>
	<u>\$ 1,313,904</u>

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements. The Town has not complied with some of these covenants; however, the applicable lending institutions have issued verbal waivers regarding these covenants.

4. Ad Valorem Taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended June 30, 2009, taxes of 5.99 mills were levied on property with assessed valuations totaling \$15,347,468 for general purposes. Additional taxes of 11.64 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due.

Ad valorem taxes levied during the year ended June 30, 2009, totaled approximately \$249,402.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

5. Transfers to/from Other Funds

Interfund transfers at June 30, 2009, were as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$ 183,004
Enterprise Funds:	-	-
Public Utility Revenue Fund	89,507	-
Sewer Operating Fund	93,497	-
	<u>\$ 183,004</u>	<u>\$ 183,004</u>

6. Defined Benefit Pension Plan

Substantially all employees of the Town of Gramercy are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town of Gramercy are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with a least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Defined Benefit Pension Plan (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the system, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 13.50 percent of annual covered payroll. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy's contributions to the System under Plan A during the years ending June 30, 2009, 2008, and 2007 were \$61,329, \$59,487, and \$65,225, respectively, equal to the required contributions for these years.

b. Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 13.75 percent of annual covered payroll. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy contributions to the System during the years ending June 30, 2009, 2008, and 2007 were \$17,122, \$21,834, and \$21,970, respectively, equal to the required contributions for these years.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended June 30, 2009, for these services are as follows:

	<u>Water</u>	<u>Sewerage</u>	<u>Total</u>
Operating revenues	\$ 593,290	\$ 424,389	\$ 1,017,679
Operating expenses	592,990	321,020	914,010
Depreciation	112,385	123,168	235,553
Income from operations	300	103,369	103,669
Net income (loss)	500,804	183,546	684,350
Acquisition of capital assets	898,569	15,046	913,615
Outstanding revenue bonds and certificates of indebtedness	270,000	753,000	1,023,000

9. Restricted Assets

Under the terms of the bond indentures for the water revenue refunding bonds and the sewer improvement bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems.

The Town has been reclassifying a portion of its cash and investments as "restricted" on a monthly basis; however, the Town has not established all of the "restricted" accounts delineated in the bond indentures. All of the applicable lending institutions waived the violations of these covenants for the year ended June 30, 2009.

10. Due from Other Governmental Agencies

Amounts due from other governmental agencies at June 30, 2009, consisted of the following:

St. James Parish - sales taxes	\$ 88,253
St. James Parish - P&M sales taxes	6,049
	<u>\$ 94,302</u>

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

11. Cash and Investments

At June 30, 2009, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 225
Demand deposit accounts / savings accounts	1,849,528
Certificates of deposit	<u>1,422,477</u>
	<u>\$ 3,272,230</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

12. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$3,378,761 of the government's bank balance was not exposed to custodial credit risk.

13. Capital Lease

The Town acquired equipment under a long-term capital lease. For financial reporting purposes, the present value of the minimum lease payments has been capitalized. The lease expires May 15, 2010. As of June 30, 2009, the property under this capital lease had a total cost of \$7,828. The future minimum lease payments under this capital lease for the remaining terms are as follows:

June 30, 2010	<u>7,828</u>
Total minimum lease payments	<u>\$7,828</u>

REQUIRED SUPPLEMENTARY

INFORMATION

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual
<u>REVENUES</u>			
Ad valorem taxes	\$ 75,000	\$ 79,900	\$ 92,728
Sales taxes	580,000	600,000	593,012
Garbage fees	200,000	215,000	232,149
Licenses and permits	170,000	165,000	183,730
Intergovernmental revenues:			
Federal grants	-	-	157,309
LCDBG	308,000	291,800	214,930
State funds:			
Beer	7,000	5,500	7,067
Video poker	425,000	425,000	413,028
Tobacco	5,000	-	-
State grants	36,000	35,800	35,000
Fines and forfeitures	50,000	58,000	73,047
Other	166,600	316,500	199,045
Total revenues	<u>2,022,600</u>	<u>2,192,500</u>	<u>2,201,045</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	392,000	367,075	374,281
Streets	461,600	465,500	507,380
Public safety	419,000	460,050	486,093
Sanitation	196,500	200,000	212,446
Fire department	4,500	4,700	4,552
Capital Expenditures - LCDBG	308,000	291,800	214,930
Total expenditures	<u>1,781,600</u>	<u>1,789,125</u>	<u>1,799,682</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	241,000	403,375	401,363
<u>OTHER FINANCING USES</u>			
Transfers in	-	-	-
Transfers out	-	(171,809)	(183,004)
	<u>-</u>	<u>(171,809)</u>	<u>(183,004)</u>
Net change in fund balance	241,000	231,566	218,359
<u>FUND BALANCE</u>			
Beginning of year	<u>2,171,025</u>	<u>2,171,025</u>	<u>2,171,027</u>
End of year	<u><u>\$ 2,412,025</u></u>	<u><u>\$ 2,402,591</u></u>	<u><u>\$ 2,389,386</u></u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>OTHER REVENUE</u>			
Utility franchise fees	\$ 79,000	\$ 87,500	\$ 100,622
Interest revenues	25,000	10,000	10,063
Collection fees	1,000	1,000	792
Motor Vehicle Transaction Fees	35,000	35,000	33,153
Rents and royalties	6,600	7,000	7,075
Miscellaneous	20,000	176,000	47,340
Total other revenue	<u>\$ 166,600</u>	<u>\$ 316,500</u>	<u>\$ 199,045</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>			
Legal and litigation fees	\$ 2,500	\$ 3,000	\$ 3,106
Salaries	118,200	118,200	120,414
Professional fees	10,500	14,675	14,675
Electricity	11,500	10,500	8,756
Insurance	90,000	70,000	64,962
Supplies and maintenance	30,000	14,600	16,015
Miscellaneous	13,000	9,500	14,907
Retirement	12,500	12,500	12,779
SCPCD-Building Permits	10,000	16,500	16,902
Office expenses	28,000	29,500	32,278
Payroll taxes	1,500	3,000	1,636
Vehicle expenses	24,000	28,000	32,072
Capital outlay	20,000	18,000	16,625
Dues and subscriptions	12,000	12,500	12,759
Meetings and conventions	5,000	4,500	4,571
Planning commission	2,800	2,100	1,824
Bad debts	500	-	-
Rural Development Grant	-	-	-
Total general government	<u>392,000</u>	<u>367,075</u>	<u>374,281</u>
<u>STREETS</u>			
Salaries	130,000	130,000	127,348
Legal and engineering fees	15,000	8,000	7,851
Miscellaneous	3,100	3,000	-
Retirement	12,500	12,500	11,151
Vehicle expenses	7,000	5,500	5,378
Uniforms	1,500	1,500	1,221
Insurance	30,000	28,500	28,204
Supplies and maintenance	18,500	19,500	86,647
Electricity	60,000	65,000	64,960
Capital outlay	180,000	188,000	169,764
Payroll taxes	4,000	4,000	4,856
Total streets	<u>461,600</u>	<u>465,500</u>	<u>507,380</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>			
Police:			
Insurance	\$ 63,000	\$ 65,000	\$ 70,418
Uniforms	1,000	2,000	2,064
Retirement	19,000	25,000	17,122
Vehicle expenses	45,000	37,000	21,165
Salaries	235,000	260,000	271,244
Supplies and maintenance	24,000	30,000	44,880
Training expenses	500	500	120
Utilities	5,000	5,000	5,421
Payroll taxes	7,500	6,000	9,713
Capital outlay	11,000	23,300	38,598
Miscellaneous	4,500	2,750	2,635
Total police	<u>415,500</u>	<u>456,550</u>	<u>483,380</u>
Emergency Preparedness:			
Salaries	3,000	3,000	2,425
Operating expenses	500	500	288
Total emergency preparedness	<u>3,500</u>	<u>3,500</u>	<u>2,713</u>
Total public safety	<u>419,000</u>	<u>460,050</u>	<u>486,093</u>
<u>SANITATION</u>			
Solid waste disposal	196,500	200,000	212,446
Total sanitation	<u>196,500</u>	<u>200,000</u>	<u>212,446</u>
<u>FIRE DEPARTMENT</u>			
Operating expenses	4,500	4,700	4,552
Total fire department	<u>4,500</u>	<u>4,700</u>	<u>4,552</u>
<u>CAPITAL EXPENDITURES- LCDBG</u>			
Street improvements- LCDBG	308,000	291,800	214,930
Total capital expenditures- LCDBG	<u>308,000</u>	<u>291,800</u>	<u>214,930</u>
Total all departments	<u>\$ 1,781,600</u>	<u>\$ 1,789,125</u>	<u>\$ 1,799,682</u>

OTHER SUPPLEMENTARY
INFORMATION

TOWN OF GRAMERCY, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>1969 Street Improvement</u>	<u>1969 Waterworks Improvement</u>	<u>1976 Waterworks Improvement</u>
<u>ASSETS</u>			
Cash	\$ 5,354	\$ 29,036	\$ 3,771
Total assets	<u>\$ 5,354</u>	<u>\$ 29,036</u>	<u>\$ 3,771</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Total liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Unreserved - designated for debt service	-	-	-
Unreserved - undesignated	5,354	29,036	3,771
Total fund balance	<u>5,354</u>	<u>29,036</u>	<u>3,771</u>
Total liabilities and fund balance	<u>\$ 5,354</u>	<u>\$ 29,036</u>	<u>\$ 3,771</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
<u>\$ 8,525</u>	<u>\$ 67,690</u>	<u>\$ 114,376</u>
<u><u>\$ 8,525</u></u>	<u><u>\$ 67,690</u></u>	<u><u>\$ 114,376</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	67,690	67,690
<u>8,525</u>	-	<u>46,686</u>
<u>8,525</u>	<u>67,690</u>	<u>114,376</u>
<u><u>\$ 8,525</u></u>	<u><u>\$ 67,690</u></u>	<u><u>\$ 114,376</u></u>

TOWN OF GRAMERCY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	1969 Street Improvement	1969 Waterworks Improvement	1976 Waterworks Improvement
<u>REVENUES</u>			
Taxes and penalties	\$ -	\$ -	\$ -
Interest revenues	20	110	14
Total revenues	<u>20</u>	<u>110</u>	<u>14</u>
<u>EXPENDITURES</u>			
Principal retirement	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXCESS OF REVENUES OVER</u>			
<u>EXPENDITURES</u>	20	110	14
<u>OTHER FINANCING USES</u>			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	20	110	14
<u>FUND BALANCE</u>			
Beginning of year	<u>5,334</u>	<u>28,926</u>	<u>3,757</u>
End of year	<u>\$ 5,354</u>	<u>\$ 29,036</u>	<u>\$ 3,771</u>

<u>1976 Fire Protection</u>	<u>1991 Sewer Improvement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 45,560	\$ 45,560
32	210	386
<u>32</u>	<u>45,770</u>	<u>45,946</u>
-	30,000	30,000
-	4,455	4,455
-	<u>34,455</u>	<u>34,455</u>
32	11,315	11,491
-	-	-
32	11,315	11,491
<u>8,493</u>	<u>56,375</u>	<u>102,885</u>
<u>\$ 8,525</u>	<u>\$ 67,690</u>	<u>\$ 114,376</u>

PERFORMANCE AND
STATISTICAL DATA

TOWN OF GRAMERCY, LOUISIANA

INSURANCE-IN-FORCE

JUNE 30, 2009

(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile liability	Risk Management, Inc.	May 1, 2010	\$500,000
General liability	Risk Management, Inc..	May 1, 2010	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2010	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2010	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2010	Statutory
Position fidelity schedule bond	Fidelity and Deposit Company of Maryland	October 1, 2009	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2010	\$500,000
Commercial property	Republic Property	May 1, 2010	Various limits

TOWN OF GRAMERCY, LOUISIANA

Page 1 of 2

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2009

(Without Audit)

Statistics on System Operations

- (a) As of June 30, 2009 the number of metered customers was 1,418 and 1,374 for the water and sewer systems, respectively. There were no unmetered customers for either the water or sewer systems at June 30, 2009.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2009 for water and sewer services:

1. Water:

Residential and small commercial customers

First 2,000 gallons or less	\$ 7.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.45

Large commercial and Industrial customers

Flat rate	\$ 3.25/1,000 gallons
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Recreational District:

First 50,000 or less	\$ 20.00/1,000 gallons
Next 150,000 gallons	1.73
Next 200,000 gallons	1.45
Over 400,000 gallons	1.15

TOWN OF GRAMERCY, LOUISIANA

Page 2 of 2

PUBLIC UTILITY SYSTEM OPERATIONS

JUNE 30, 2009

(Without Audit)

Statistics on System Operations (continued)

2. Sewer	Rate per gallons of sewerage flow
Residential customers and small commercial customers	\$15.00/month + \$0.75 / 1,000 gallons
Large commercial customers	\$40.00/month + \$0.75 / 1,000 gallons
Industrial customers	Monthly base rates ranging from \$50 to \$750 (based on sewerage flow and the biochemical oxygen demand of the waste) plus \$0.21/1,000 gallons of sewerage flow plus \$0.060/pound of waste

(c) Average monthly billing per residential customer during the year ended June 30, 2009:

1. Water	<u>\$ 22.90</u>
2. Sewer	<u>\$ 20.27</u>

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED JUNE 30, 2009
(Without Audit)

	<u>Salaries during the year ended 06/30/09</u>
Herman Bourgeois- Mayor	\$ 39,600
John Doucet	6,000
Betty Cooper Coleman	6,000
Alvin St. Pierre, Jr.	6,000
Rubenstein Clark	6,000
Mary Katherine Bocz	6,000
Brent Dicharry- Chief of Police	<u>19,800</u>
	<u>\$ 89,400</u>



Town of Gramercy

"THE BEST LITTLE TOWN FOR MILES AROUND."

120 North Morris Street
P. O. Drawer 340
Gramercy, Louisiana 70052
Phone 225-868-4403 • FAX 225-869-4185



Aldermen
Betsy Cooper-Coleman
District 1
John A. Doucet
District 2
Alvin "Shark" St. Pierre, Jr.
District 3
Kel Boez
At Large
Rubenstein Mitchell-Clerk
At Large
Lydia Z. Louque
Town Clerk
Robert Fauchaux, Jr.
Town Attorney

Herman P. Bourgeois
Mayor

Brant Dicharry
Police Chief

CORRECTIVE ACTION PLAN

November 30, 2009

Louisiana Legislative Auditor

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2009.

Name and address of independent public accounting firm:

Postlethwaite & Metterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: July 1, 2008 – June 30, 2009

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

09-01 DOCUMENT AND DESIGN OF INTERNAL CONTROL

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, it certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Action Taken: We will identify significant risk areas and will document internal controls related to the specific risk.

09-02 SEGREGATION OF DUTIES

Recommendation: Management should review all journal entries necessary for the complete and accurate presentation of the financial statements.

Action Taken: We will document a review of period end journal entries.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Lydia Louque at (225) 869-4403.

Sincerely,

Lydia Louque
Town Clerk